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REPORT

Report No. 283

December, 1983

Business in Virginia November, 1983 Data

In November all of the Virginia business indicators exceeded their November 1982 levels by very healthy margins, with the exception of water consumption, down 2.2 percent, and building permits, which only rose 1.9 percent. Since building permits are highly erratic month to month, this low increase should not be interpreted as the normal growth rate to expect. Therefore the overall State picture on the first anniversary of the current national recovery is a Virginia economy which has achieved strong growth. Compared to last November, we have retail sales (survey sample) up 8.8 percent; total spending as reflected by bank debits up 17.7 percent; new car registrations up 19.0 percent; and, most importantly, total non-agricultural employment up 2.4 percent. For employment, both the October and November increases were 2.4 percent over the last year, by far the largest monthly increases reported in 1983. This 2.4 percent growth in Virginia employment at first may not appear to be impressive, compared to the national increase of 3.6 percent since last November. But, remember that the Virginia unemployment rate in the fourth quarter of 1982 was about 8 percent, compared to the national rate of 10.7 percent. We started in much better shape and still achieved an increase of 51,500 jobs, a very substantial improvement.

The November evidence for retail sales and total spending is reinforced by the cumulative January through November percentage increases over last year, 10.1 percent for retail sales and 17.1 percent for bank debits. Even more impressive is the January through October 19.2 percent increase in total Virginia taxable retail sales. Every indication points to this momentum continuing through December. That will bring Virginia taxable retail sales for 1983 very close to the \$26.0 billion level, compared to \$21.8 billion in 1982.

In addition, the cumulative percent change for building permits was 47.3 percent for the first eleven months of 1983. The new car registrations were up 22.7 percent over a year earlier, and every city surveyed except Roanoke had double-digit increases, topped by the 49.3 percent increase in Danville. So, Virginia also shared very strongly in the nation's 1983 surge in new construction plans and automobile purchases.

The city indexes for January through November show all

seventeen cities surveyed have shared at least to some extent in the State's recovery. The best performances, using a combination of the retail sales survey and employment gains, so far have tended to be in the Northern Virginia (Alexandria, Fredericksburg) and Hampton Roads areas. However, expect the gains to become more balanced as the recovery matures and its effects become more widely diffused throughout the State.

RLP

Chart I

Nine Selected Business & Economic Indicators Percentage Change

Percentage Change November, 1983 from November, 1982

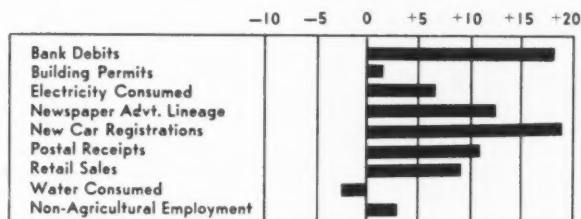
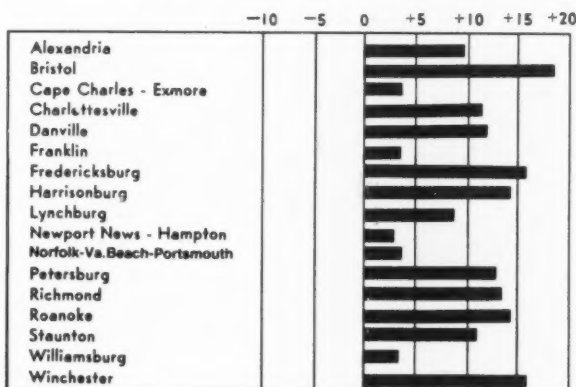


Chart II

City Indices

Percentage Change November, 1983 from November, 1982



**SELECTED BUSINESS AND ECONOMIC INDICATORS
FOR 17 CITIES**

TABLE I November 1983

Monthly Index Number Comparisons of Current Month to
Same Month in Base Period (1977) - Base Period = 100

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGISTRATIONS	NON-AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	POSTAL RECEIPTS
The State		293.7	96.4	106.3	127.5	82.0	114.0	111.1	199.3	94.3
Alexandria	164.4	488.7	234.4	116.8	N.A.	88.0	120.9	158.9	113.9	N.A.
Bristol	147.3	235.6	30.4	86.6	110.3	88.7	N.A.	86.3	151.8	262.4
Cape Charles - Exmore	122.7	191.7	80.9	101.9	N.A.	71.5	N.A.	N.A.	104.3	180.8
Charlottesville	183.6	232.7	336.8	108.7	N.A.	112.9	N.A.	138.1	224.5	202.5
Danville	133.6	N.A.	393.8	106.0	146.9	79.1	N.A.	72.3	167.7	161.2
Franklin	118.3	N.A.	50.4	105.0	123.8	59.6	N.A.	103.5	134.9	149.8
Fredericksburg	200.6	161.5	399.0	N.A.	140.7	108.8	N.A.	N.A.	267.3	191.3
Harrisonburg	158.0	223.5	216.1	N.A.	157.9	93.3	N.A.	114.8	164.4	181.4
Lynchburg	166.2	428.7	59.2	103.0	N.A.	69.7	N.A.	109.9	173.3	444.9
Newport News - Hampton	140.8	217.7	68.9	70.1	109.0	75.9	122.7	102.5	189.8	N.A.
Norfolk - Va. Beach - Portsmouth	166.3	229.2	232.7	114.4	125.8	77.4	119.0	62.9	256.1	N.A.
Petersburg	143.4	184.4	52.9	N.A.	89.0	53.0	N.A.	85.7	190.9	162.4
Richmond	154.4	323.4	N.A.	110.9	119.8	81.7	114.6	89.9	181.1	160.0
Roanoke	153.0	277.1	17.1	89.3	179.8	71.1	107.5	95.5	179.1	172.3
Staunton	124.5	165.0	16.1	N.A.	84.7	66.3	N.A.	N.A.	130.3	164.6
Williamsburg	123.3	106.5	285.5	136.4	N.A.	79.3	N.A.	77.1	125.7	209.8
Winchester	160.3	360.3	51.3	116.5	187.5	93.1	N.A.	117.1	128.4	183.0

TABLE II November 1983

Percentage Change from same month last year.

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGISTRATIONS	NON-AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	Oct. RETAIL SALES ‡
The State		17.7	1.9	6.4	12.8	19.0	2.4	-2.2	8.8	25.7
Alexandria	9.7	10.2	45.8	10.5	N.A.	14.9	4.5	-16.5	17.9	25.0
Bristol	18.0	3.8	-72.3	-2.3	3.0	28.4	N.A.	32.1	26.4	9.1
Cape Charles - Exmore	3.8	33.4	347.0	0.8	N.A.	-2.3	N.A.	N.A.	-3.0	3.2
Charlottesville	11.5	32.3	91.6	7.7	N.A.	36.4	2.1	2.1	3.9	32.4
Danville	12.1	N.A.	842.1	7.5	22.6	33.5	2.8	-4.7	11.8	21.9
Franklin	3.7	N.A.	18.9	-0.2	5.3	-12.8	N.A.	5.9	9.3	19.5
Fredericksburg	15.1	15.5	342.3	N.A.	8.1	35.3	N.A.	N.A.	10.6	25.7
Harrisonburg	14.1	25.9	1.2	N.A.	16.5	28.5	N.A.	8.9	6.3	75.6
Lynchburg	9.0	5.7	2.1	5.3	N.A.	22.9	N.A.	3.9	8.4	37.1
Newport News - Hampton	2.5	-3.1	-63.7	-22.8	7.9	16.4	4.5	3.1	5.4	28.2
Norfolk - Va. Beach - Portsmouth	3.9	12.3	54.1	3.7	11.1	9.9	3.7	-8.7	1.0	24.5
Petersburg	12.5	-3.2	897.2	N.A.	18.1	4.0	N.A.	-9.4	26.1	21.2
Richmond	12.8	21.5	31.8	21.2	13.6	27.4	1.7	4.1	8.6	27.6
Roanoke	14.5	33.2	-90.3	7.5	16.3	43.6	4.0	3.7	7.4	28.2
Staunton	10.4	4.8	-88.8	N.A.	3.9	27.0	N.A.	N.A.	8.8	13.0
Williamsburg	2.8	-23.4	225.9	6.6	N.A.	6.9	N.A.	9.8	6.5	22.2
Winchester	16.2	22.4	-2.2	11.7	14.4	36.1	N.A.	15.1	9.9	30.7

TABLE III

Percentage Change January - November from same period last year

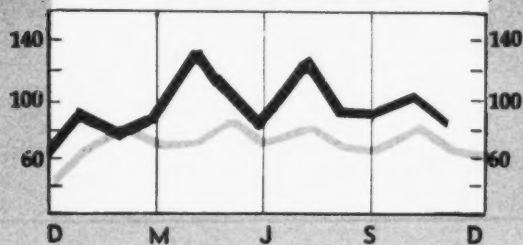
CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGISTRATIONS	NON-AGRI-CULTURAL EMPLOYMENT	WATER CONSUMED	RETAIL SALES †	Jan.-Oct. RETAIL SALES
The State		17.1	47.3	6.0	9.0	22.7	1.0	1.4	10.1	19.2
Alexandria	9.6	-0.7	201.0	5.4	N.A.	23.2	3.8	-0.9	15.2	17.7
Bristol	16.4	25.1	22.8	-0.5	1.9	38.0	N.A.	22.3	14.9	6.2
Cape Charles - Exmore	7.6	21.4	142.0	1.6	N.A.	25.1	N.A.	N.A.	-0.9	9.9
Charlottesville	11.7	26.9	2.2	2.5	N.A.	29.2	N.A.	0.7	7.6	13.7
Danville	6.2	N.A.	29.8	6.5	11.7	49.3	N.A.	-6.1	-6.0	-2.1
Franklin	1.3	N.A.	19.6	5.1	0.5	10.8	N.A.	-3.6	-1.2	7.7
Fredericksburg	18.4	27.4	86.9	N.A.	10.3	26.7	N.A.	N.A.	15.3	19.9
Harrisonburg	10.2	22.6	174.5	N.A.	8.9	20.0	N.A.	6.4	4.5	51.0
Lynchburg	14.7	35.3	42.7	3.5	N.A.	40.5	N.A.	1.1	7.5	10.3
Newport News - Hampton	10.5	15.9	-4.0	3.5	N.A.	20.4	4.0	6.1	11.4	12.6
Norfolk - Va. Beach - Portsmouth	9.8	12.3	51.7	4.6	8.8	22.6	2.6	-1.5	12.9	16.5
Petersburg	13.9	32.2	-6.2	N.A.	7.7	33.2	N.A.	0.5	7.8	15.4
Richmond	10.2	13.8	20.6	13.6	4.8	22.9	0.5	1.7	11.6	17.3
Roanoke	8.1	28.9	33.0	3.9	11.9	-2.3	2.0	0.8	9.2	14.2
Staunton	7.4	19.8	-21.1	N.A.	2.0	15.8	N.A.	N.A.	2.3	7.2
Williamsburg	1.0	-26.1	80.6	1.5	N.A.	25.5	N.A.	-4.7	3.6	15.6
Winchester	10.0	19.9	-2.8	5.1	22.0	28.7	N.A.	8.5	-1.4	22.1

*Computation of City Index is based upon a weighted arithmetic mean of all business and economic components listed except Building Permits, which is excluded because of its highly erratic nature.

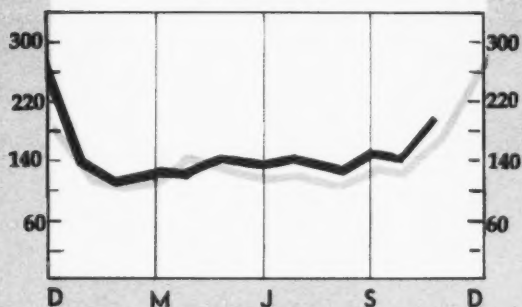
†Preliminary data based on a survey sample.

‡Revised data based on sales tax information which lags behind current reports.

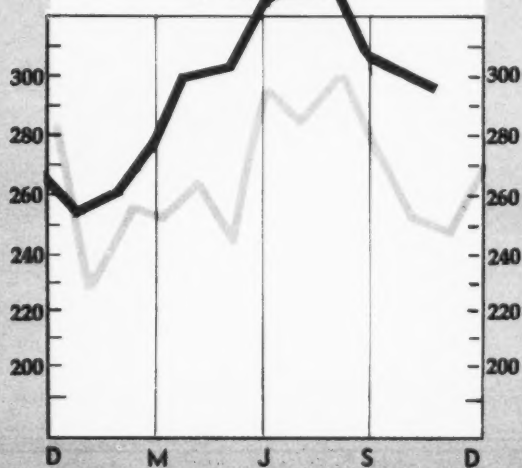
NEW CAR REGISTRATIONS



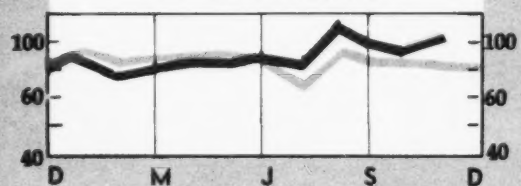
RETAIL SALES



BANK DEBTS



WATER CONSUMED



NON-AGRICULTURAL EMPLOYMENT

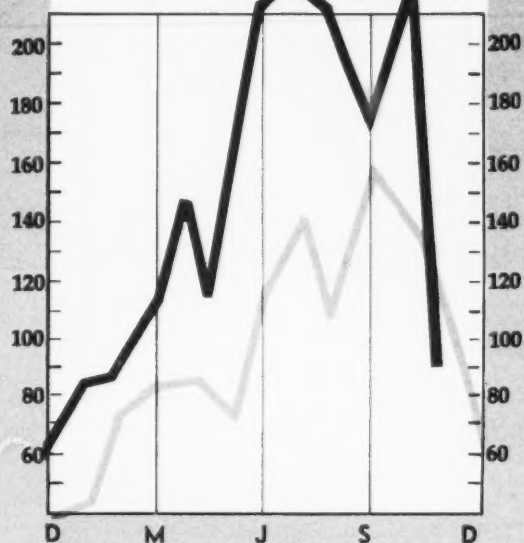


Monthly Indices

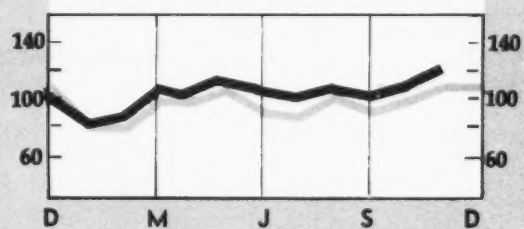
1982

1983

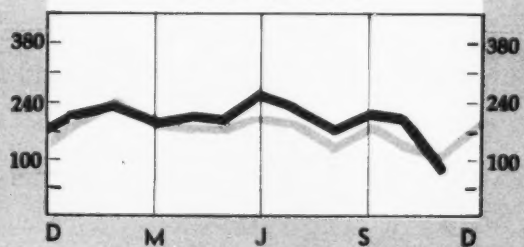
BUILDING PERMITS (\$ VOLUME)



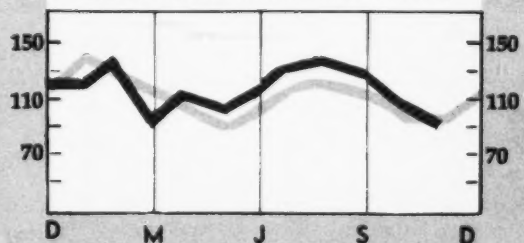
NEWSPAPER ADVERTISING LINEAGE



POSTAL RECEIPTS



ELECTRICITY CONSUMED (KWH)



Yo Ho Ho Tis The Season to be Jolly!

(This article was written by Marvin M. Stanley, Chessie Professor of Business Administration who teaches Business Policy and Transportation Management in the Business Schools MBA degree program.)

Things look pretty good on the domestic economic scene as 1983 draws to a close. Real GNP is surging along, with a third quarter increase of 7.7 percent; unemployment surprised many people by sagging to an undesirable but improved 8.4 percent in November; and inflation worries are currently a thing of the past. Profits mostly will be UP for the nation's business enterprises as the calendar and corporate fiscal year draws to a close. Tis The Season to be Jolly! Or is it?

The major cloud on the economic horizon (other than balance of trade, uncertain cost of capital, structural unemployment and such perennial concerns) is the Federal Government's budget deficit and the nagging suspicion that the piper may have to be paid in two or three years, if not before them. While there is not too much an individual business enterprise can do to shape national economic policy, it might be a good idea to keep in mind the recurrent relaxation of management belt tightening which seems to take place in every upturn of the economic cycle.

To this end the writer, in the spirit of the season and with New Year's Resolutions upcoming, offers "Ten Rules for Management," attributed to Walter Heller, Regents Professor of Economics at the University of Michigan and Chairman of the Council of Economic Advisers to the President 1966 - 1968. With apologies to Dr. Heller, the author has taken the liberty of amending a few personal comments here and there.

Rule No. 1: *Think before you act; it's not your money.* Basic to the corporate structure is the notion of stewardship over invested capital. True, the shareholder can take his money out and play the game elsewhere, but in the nature of the stock market the person who bought the shares offered for sale still has money invested in the enterprise. Assuming the notion of stewardship were more prevalent, would we perhaps see less of the gambles that result in failed products, unwise expansion, and other corporate boo-boos which seem to take place over and over again?

Rule No. 2: *All good management is the expression of one great idea.* The suspicion here is that Dr. Heller is referring to simplicity, continuity and consistency of management policy and actions, building on the enterprise's known strengths and capabilities. Not a bad departure point for 1984.

Rule No. 3: *No executive devotes effort to proving himself wrong.* A thought based on the favorite saying of a friend who is a top corporate executive, "To err is human, to forgive is not corporate policy;" if middle management felt freer to admit mistakes wouldn't it be possible for companies to escape from losing situations perhaps earlier in the game, before real disaster strikes? The author once knew personally a member of the President's cabinet who had the reputation of "executing the bearer of bad news." The result was the cabinet officer didn't get bad news until the roof fell in on him, which it did.

Rule No. 4: *Cash in must exceed cash out.* Self evident and enough said.

Rule No. 5: *Management capability is always less than the organization actually needs.* How true, particularly when the corollary of Rule No. 6 is considered.

Rule No. 6: *If you are attempting the impossible you will fail.* Many of us have seen organizations led beyond personal and organizational capability by the ambitions of a chief executive, and not always a relative of the founder. There is no job security in the executive suite.

Rule No. 7: *Either an executive can do his job or he can't.* In his treatise on the principles of war, German Field Marshal von Clausewitz described four types of officers with his prescription for each. The brilliant and the energetic — very valuable as top staff officers. The brilliant and the lazy — ideal as top commanders for they maintain perspective apart from details. The stupid and the lazy — should be retained for the many small tasks within their abilities. The stupid and the energetic — such are dangerous and should be eliminated at all cost.

Rule No. 8: *If sophisticated calculations are needed to justify an action, don't do it.* Seems particularly applicable in these days of instant, sophisticated statistical analysis in the wake of the computer revolution. The longer the writer lives the more he becomes convinced that senior executives, in significant part, got where they are because of a finely-tuned instinct, almost an intuition, apart from the numbers themselves. After all, every number in the world will not make a decision for the top executive, the most they can do is reduce the zone of uncertainty within which the decision still must be made.

Rule No. 9: *If you are attempting something wrong, you will do it badly.* Don't so many of us have a small, quiet voice within which so often says that this or that action is a mistake, but pride or something else makes us keep on down a dead-end street?

Rule No. 10: *The easiest way of making money is to stop losing it.* Which brings us back to Rule No. 1 and the notion of managerial stewardship. During the downturn of the business cycle management's concentration is on avoiding losses, on making at least some profit. Why not, just for kicks, try being as prudent and painstaking with stewardship capital during the upturn so that profits either are increased while the climate is favorable or, perhaps more important, the benefits of taut management can be passed on to customers, employees and shareholders alike.

Happy Holidays, and may you make good New Years' Resolutions for Management. Walter Heller perhaps gave us all a good place to start. MMS

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